

## GLOBAL NEWS LINE

### AFGHANISTAN

**The first meeting of the trilateral steering committee (of Afghanistan, Pakistan, and Turkmenistan), formed to implement the intergovernmental agreement on the construction of a trans-Afghan gas pipeline (TAGP), was held in Ashgabat on July 9–10, 2002.** During the meeting, the Asian Development Bank (ADB) announced that it would finance a feasibility study of the TAGP and serve as a strategic partner in the development of the project. The ADB hopes to select a contractor to research and draft the study by December 2002, with completion due in May 2003. The ADB-funded feasibility study will also examine an oil pipeline from Turkmenistan to the Pakistani seaport of Gwadar. The next meeting of the steering committee has been scheduled for September 20 in Kabul. The steering committee indicated that companies interested in participating in the project would be welcome to attend the Kabul meeting. Companies interested in more information on the TAGP may contact the Turkmen government through Kurbannazar Nazarov, minister of oil and gas (tel: +993-12-35-35-31/35-58-94; fax: +993-12-51-04-43/39-38-21). Companies wishing to contact either the Afghan or Pakistani ministers can get contact information from the American embassies in Kabul and Islamabad, respectively. Companies interested in attending the September 20 meeting in Kabul or conducting the feasibility study may contact the Asian Development Bank through Rajiv Kumar, principal economist in the operations coordination division of the east and central Asia department (tel: +632-632-6656/632-5709; fax: +632-636-2387/636-2400). The Asian Development Bank may also be contacted at [www.adb.org](http://www.adb.org).

### THAILAND

**Historically, Thailand has been a solid medium-sized market for U.S. manufacturers of electric power equipment, open to imported products.** Since

1997 and the impact of the Asian financial crisis, growth in Thailand's national demand for electric power has slowed, which in turn has restricted demand for new generation equipment. However, demand for repair and replacement parts still constitutes a \$1.8 billion market annually, with imports from U.S. firms representing 8 percent of the market, against stiff competition from Japanese and European manufacturers.

Thailand is currently deregulating its power generation and distribution industry, and given the aging of existing installed equipment, as well as prospects for stronger economic growth, we anticipate some growth in market opportunities for U.S. firms in the near to medium term. In addition, as a rise in electricity demand will likely stimulate some construction of new generation facilities, prospects for sales to both government and new private sector producers should increase. Best sales potential in Thailand is for generators and parts; transmission lines and systems; equipment for substations and terminal stations; power poles and high voltage distribution lines; and connectors, switches and control components.

**The continuing expansion of Thailand's vehicle market, at a projected growth rate of 20 percent per annum over the next few years, offers potential for American exporters of automotive accessories.** One-ton pickups, compact passenger cars, and sport utility vehicles are the three most promising segments because of market size, growth potential, and market propensity for accessories.

Annual vehicle sales in Thailand are expected to surpass the pre-crisis peak of 600,000 units by 2005, based on 2001 sales of 297,056 units, and an annual growth rate of 20 percent. Locally assembled Japanese makes have captured more than 90 percent of the market. In fact, the five major players in the market, Toyota, Isuzu, Honda, Nissan,

and Mitsubishi, have a combined 85 percent market share. Mazda is also active, to a lesser degree. One-ton pickups are the largest segment (55 percent), followed by passenger cars (35 percent) and sport utility vehicles (3.8 percent).

Best prospects for U.S. exports of automotive accessories in Thailand can be found in the following categories: accessories for sport utility vehicles, racing and performance products, suspension systems, and tinted film.

### SOUTH KOREA

**According to the Korean National Statistical Office (NSO), South Korea's consumer confidence rebounded in 2002 to reach its highest level since November 1998.** NSO figures show that in 2001, the average monthly income of urban salaried workers' households was up 11.8 percent, to \$2,084. During the same period, the average monthly spending of urban salaried workers on goods and services increased by 9.4 percent, to \$1,386. With South Korea's sustained economic growth since 1999 and its low inflation, currently at 4 percent, the continued expansion in Korean consumer spending offers great opportunities for U.S. jewelry exporters. Furthermore, South Korea's jewelry market will also offer greater long-term opportunities for exporters because of consumers' growing demand for jewelry as fashion items, as well as their use as wedding gifts, and newly evolving jewelry distribution channels.

### BRAZIL

**The Brazilian market for water treatment equipment and services in 2001 was projected at \$1.6 billion, of which \$315 million was imports.** Imports from the United States were estimated at \$94.5 million. The United States is the leading exporter of water treatment equipment and services to Brazil and holds 30 percent of the import market. The market is expected to grow by 8 to 10 percent per year in the next five years.

Although Brazil holds about 8 percent of the Earth's fresh water reserves, the reserves are not evenly distributed within the country. About 80 percent of Brazil's fresh water reserves are in the Amazon basin, where only 5 percent of Brazil's population lives. The water availability in northeast Brazil is only 1,500 cubic meters per inhabitant per year, which according to U.N. parameters is at a critical level.

According to the water resources policy coordinator of the National Water Agency (ANA), about 70 percent of the river basins in Brazil, located from the northeastern state of Sergipe to the southern state of Rio Grande do Sul, are highly polluted. Major causes of water pollution in Brazil are non-treated residential sewage, inappropriate soil use and disposal of industrial waste, use of pesticides and fertilizers, and deforestation and mining.

The industrial sector is an important market for effluent treatment systems. According to the U.S. consulting company CG/LA Infrastructure, investments in effluent and industrial water treatment in Latin America will reach \$2.2 billion in the next three years, of which \$1.1 billion will be invested in Brazil.

## SPAIN

**The Spanish defense industry has been in a period of contraction and reorganization similar to the United States, thus limiting the number and size of immediate opportunities to sell U.S. defense equipment.** However, Spanish interest in and respect for American-made defense items remains high. U.S. firms should consider this hiatus as an opportunity to lay the groundwork for potential sales in the future, when the Spanish budgetary situation improves and military requirements are clearer.

In the last decade, the Spanish defense industry has undergone profound transformations. These changes have not only generated a new industrial panorama but have also created new relationships between governments and industries. There are many opportunities arising from both public and

private sector projects in which Spanish firms would welcome partnerships with U.S. high-technology defense companies. For example, Spain's heavy investment in infrastructure projects will present major opportunities for U.S. defense electronics manufacturers. In the past, public firms dominated the defense sector, but, with the Spanish government having promoted privatization, private firms now have the upper hand.

In 1999, after four years of significant growth of Spanish defense materiel exports, industrial sales dropped 2 percent, to \$150 million. The growth of Spanish defense imports dropped 6.3 percent, to \$407 million. Despite the decrease in the volume of Spanish exports and imports, concern is minimal considering that the numbers are superior to those registered during the crisis that negatively affected this sector in the first half of the 1990s.

## SWEDEN

**The Swedish market for safety and security equipment and services has grown significantly in recent years.**

The total revenue in 2001 was approximately \$2.4 billion, and growth in 2002 is expected to be approximately 25 percent. Although the demand for security solutions had already been growing due to increased prosperity and changing society, the events of September 11 changed the whole concept of security and added a more tangible threat of both conventional and cyber terrorism as well as nuclear, chemical, and biological attacks. In addition to the security issues already under constant development, concerns such as business continuity planning, airport and official building security, and protection against biological agents have grown in importance.

A few large companies that offer tailor-made solutions and services to both corporate and private customers dominate the market. All have grown through acquisitions from relatively small local firms into large international conglomerates. Good examples are Assa Abloy on the mechanical

protection side, and Securitas and Falk that do services and installations.

The guard services sector is the fastest-growing one, while the IT security sector has the largest revenue. Domestic companies have a strong hold of the market in all the subsectors, though U.S. companies, products, and services enjoy a good reputation in the Swedish security market. Third-country competitors come from other EU countries, such as the United Kingdom and Germany, from other Nordic countries, and Asia.

The most promising subsectors are equipment for both private and corporate security and protection, ranging from simple alarms and protective devices to complex LSM systems that integrate fire alarm, passage control, area control, and CCTV. In the IT security market, the best prospects are within firewalls, identification systems, detection, and virus protection programs and PKI.

There are no trade barriers or market impediments for safety and security equipment. ■

## NEED MORE DETAIL?

Ask a foreign commercial officer at one of the Department of Commerce's posts located around the globe. Contact information, including phone, fax and e-mail, is available by calling the Trade Information Center at (800) USA-TRAD(E).